

Message Text

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SUBJECT: ECONOMIC PERFORMANCE JANUARY - OCTOBER 1976

REFS A. PRAGUE 2645(NOTAL) B. PRAGUE 2571(NOTAL), C. PRAGUE 2527
(NOTAL), D. PRAGUE 3164

1. SUMMARY: INDUSTRIAL PRODUCTION ROSE DURING FIRST TEN MONTHS OF 1976, BUT BY AN UNSPECIFIED PERCENTAGE. PROBLEMS CONTINUE IN SOME INDUSTRIAL SECTORS AS WELL AS AGRICULTURE, AND TRADE DEFICIT WITH CAPITALIST COUNTRIES IS WIDENING. OVERALL ECONOMIC SITUATION APPEARS TO BE WORSENING. END SUMMARY.

2. NOVEMBER 19 RUDE PRAVO ANNOUNCED FIRST TEN MONTHS OF 1976 SAW RISE IN INDUSTRIAL PRODUCTION OVER SAME PERIOD LAST YEAR BUT ADMITTED PROBLEM AREAS REMAIN. ARTICLE DID NOT MENTION PERCENTAGE GAIN SO IT IS DIFFICULT TO DETERMINE IF ECONOMY IS KEEPING UP WITH SIX PERCENT RISE RECORDED DURING FIRST SIX MONTHS(PARA 1, REF B).

3. SECTORS DESIGNATED FOR PRAISE WERE AGAIN ENGINEERING, CHEMICAL, AND INDUSTRIES PROCESSING DOMESTIC RAW MATERIALS, WITH HIGHEST INCREASES OVER SAME TEN-MONTH PERIOD IN 1975
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COMING FROM GAS INDUSTRY 18.2 PERCENT, GENERAL ENGINEERING 8.6

PERCENT, CHEMISTRY AND CRUDE OIL PROCESSING 8.6, GLASS, PORCELAIN AND CERAMIC INDUSTRIES 7.5, RUBBER 7, CELLULOSE AND PAPER 7, AND HEAVY ENGINEERING 6.7.

4. INDUSTRIAL OUTPUT IN THE CZECH REPUBLIC ROSE 4.5 PERCENT IN COMPARISON WITH JANUARY-OCTOBER 1975, SLOWER THAN THE 5.7 PERCENT INCREASE NOTED IN THE SIX-MONTH REPORT (REF B). ARTICLE CLAIMED THAT SERIOUS SHORTFALLS IN OCTOBER WERE RESPONSIBLE FOR SLOWER GROWTH AS INDUSTRY IN CZECH REPUBLIC FELL .7 PERCENT BEHIND PLAN, WITH BIGGEST FAULTS IN FOOD INDUSTRY AND HEAT AND ELECTRICITY GENERATION. INDUSTRY IN SLOVAK REPUBLIC REPORTEDLY FULFILLED 100.5 PERCENT OF PLAN, BUT SLOVAK ENTERPRISES WERE ALSO LAGGING IN HEAT AND ELECTRICITY GENERATION, PRODUCTION OF BUILDING MATERIALS, FOOD INDUSTRY, AND HEAVY ENGINEERING.

5. ARTICLE NOTED THAT SEVERE DROUGHT PUT AGRICULTURE 16 PERCENT BEHIND PLAN THIS YEAR. SUCH A PERCENTAGE LAG WOULD INDICATE BIGGER SHORTFALL THAN PREVIOUSLY REPORTED (REFS C AND D). POSSIBLE MEAT GLUT MENTIONED PARA 4, REF C SEEMS TO HAVE HIT PRAGUE AS STORES ARE UNCHARACTERISTICALLY FULL, PERHAPS INDICATING THAT SOME FORCED SLAUGHTERING HAS OCCURRED.

6. FOREIGN TRADE POSTURE WITH CAPITALIST COUNTRIES CONTINUES TO DETERIORATE. CZECHOSLOVAK EXPORTS TO CAPITALIST COUNTRIES ARE 2.3 PERCENT LOWER THAN JANUARY-OCTOBER 1975, WHILE IMPORTS ARE UP 9.8 PERCENT OVER SAME PERIOD. NO FIGURES GIVEN BUT FROM PERCENTAGES, IT APPEARS THAT TRADE DEFICIT HAS WIDENED SINCE JANUARY-JUNE, 1976, WHEN IMPORTS WERE UP ONLY 2.7 PERCENT OVER 1975 AND EXPORTS WERE DOWN 4 PERCENT (REF A). TRADE SURPLUS WITH CEMA PARTNERS CONTINUES AT ROUGHLY SAME PACE AS NOTED FOR FIRST SIX MONTHS; EXPORTS ARE UP 14.2 PERCENT OVER FIRST TEN MONTHS 1975 WHILE IMPORTS ARE UP 5.6.

7. WEEKLY NEWSPAPER HOSPODARSKE NOVINY CARRIED COMMENTARY NOVEMBER 12 NOTING THE CONTINUING TRADE DEFICIT WITH WEST (AND SURPLUS WITH CEMA), AND POINTED TO PARTICULAR EXPORT DIFFICULTIES WITH MACHINE TOOLS, TEXTILE MACHINES, AND CONSUMER ELECTRONICS. ARTICLE ALSO TOOK UNUSUAL STEP OF CRITICIZING BY NAME ENTERPRISES TST AND TESLA FOR FAILURE TO COOPERATE WITH FOREIGN TRADE COMPANIES IN FULFILLING EXPORT PLANS. TST LIMITED OFFICIAL USE

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IS TRUST CONTROLLING 85 PERCENT OF MACHINE TOOL PRODUCTION, WHILE TESLA HOLDS SIMILAR PREDOMINANCE OVER ELECTRONIC INDUSTRY. COMMENTARY ALSO LAMELY MENTIONED CHAOTIC ECONOMIC CONDITIONS IN CAPITALIST COUNTRIES AS ONE CAUSE OF DIFFICULTY BUT CONCLUDED THAT "HE WHO HAS BETTER GOODS ... HAS SUCCESS WITH SALES".

8. COMMENT: ECONOMIC CONDITIONS APPEAR TO BE GETTING WORSE. INFORMATION GIVEN IN THESE REPORTS IS EVEN SCANTIER AND MORE

CONFUSING THAN NORMAL, WHICH MAY INDICATE DIFFICULTY IN FINDING
GOOD THINGS TO SAY ABOUT THE ECONOMY. WHILE PRAISING SOME
SECTORS AND APPLAUDING AN ALLEGED INCREASE IN WORKER
PRODUCTIVITY, RUDE PRAVO NOTED THAT 148 ENTERPRISES WERE NOT FUL-
FILLING PLAN. THE ARTICLE ALSO CALLED FOR RENEWED EFFORTS
THAT SHORTFALLS THIS YEAR WOULD NOT CARRY OVER INTO NEXT YEAR'S
"MUCH MORE DEMANDING AND DIFFICULT PLAN".
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